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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06
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/076 W
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R 031818Z MAR 77
FM AMEMBASSY MADRID
TO SECSTATE WASHDC 9207
INFO SECAGRICULTURE WASHDC
AMEMBASSY LISBON

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E.O. 11652: N/A
TAGS: EAGR PINT SP
SUBJECT: AGRARIAN UNREST

SUMMARY: UNREST IN THE AGRARIAN SECTOR HAS DRAWN PROMINENT ATTENTION RECENTLY AS THE PROTEST STATIONING OF TRACTORS ON HIGHWAYS AND IN SOME CITIES SPREAD FROM PROVINCE TO PROVINCE. AT THIS POINT OVER 45,000 TRACTORS WERE REPORTED INVOLVED IN 18 PROVINCES, WITH PROTEST ORGANIZERS CLAIMING EVEN HIGHER FIGURES. PRESS TREATMENT HAS BEEN SYMPATHETIC, WITH EDITORIALS NOTING THE FARMERS' GENERALLY STOICAL, LONG-SUFFERING REACTION TO THEIR UNDOUBTED PROBLEMS. OFFICAL REACTION HAS SO FAR BEEN LIMITED TO ORDERING THE HIGHWAYS CLEARED, ALTHOUGH AGRICULTURE MINISTER ABRIL MET (UNSUCCESSFULLY, WE HEAR) WITH FARMERS FEBRUARY 28 AND HELD A PRESS CONFERENCE THE FOLLOWING DAY. VARIOUS GROUPS, OFFICIAL AND "ILLEGAL", ESTABLISHED AND RECENT, HAVE BEEN INVOLVED IN THE ACTION, WITH EVEN THE MOST CONSERVATIVE JOINING THE CALLS FOR A BETTER SHAKE. UNKNOWN AT THIS POINT IS WHETHER THIS UPSURGE OF FARMER PROTEST, COMING IN A
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PRE-ELECTORAL PERIOD, REPRESENTS AN OPPORTUNITY FOR POLITICAL INROADS INTO LARGELY CONSERVATIVE TERRITORY. END SUMMARY.

1.THIS PROTEST ACTION STARTED ON FEBRUARY 21 AS A RATHER MINOR PROTEST ON THE PART OF LEON FARMERS AGAINST GOVERNMENT CONTROLS ON POTATO EXPORTS.

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REPORTEDLY FARMERS HAVE ABOUT 300,000 MT. OF POTATOES
IN STORAGE, MUCH OF WHICH THEY FEEL COULD BE SOLD AT
ATTRACTIVE PRICES IN THE CURRENT DEFICIT AREAS OF
NORTHERN EUROPE. HOWEVER, FOR FEAR THAT DOMESTIC PRICES
MAY OVERREACT TO LARGE POTATO EXPORTS, THE GOVERNMENT
HAS THUS FAR AUTHORIZED LICNESE FOR ONLY 65,000 M.T.
THIS WAS EARLIER REPORTED TO WASHINGTON BY AGRICULTURAL
ATTACHE'S TOFAS 27, AT WHICH TIME ONLY 30,000 M.T. OF
POTATO EXPORTS HAD BEEN AUTHORIZED. THE MOST RECENT
AGREEMENT TO ALLOW POTATO EXPORTS (20,000 M.T.) TOOK
PLACE ON FEBRUARY 25, AND WAS NO DOUBT IN RESPONSE TO
FARMER PRESSURES.

2. TO FURTHER COMPLICATE THE SITUATION MOST SPANISH
FARMERS ARE NOT EQUIPPED TO STORE THIS PERISHABLE
PRODUCT PROPERLY. AND, WITH NO ASSURANCES OF A READY
MARKET, BUYERS ARE UNWILLING TO PURCHASE THE POTATOES
FROM THE GORWERS.

3. PROTESTS THEN SPREAD RAPIDLY TO OTHER PARTS OF
SPAIN, INCLUDING NEW AND OLD CASTILE, NAVARRE, ALAVA
AND LATERLY CATALONIA. ALTHOUGH THE POTATO ISSUE,
CALLED IN THE SPANISH PRESS THE "POTATO WAR", WAS THE
GENESIS OF THE PROTESTS THIS TIME, FARMERS WERE SOON
GIVING MORE PROMINENT VOICE TO OTHER, LONG-FESTERING
DEMANDS AND GRIEVANCES INCLUDING:
A. FAIR PRICES FOR FARM PRODUCTS.
B. SOCIAL SECURITY FOR FARMERS ON EQUAL TERMS WITH
INDUSTRIAL WORKERS.
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C. RIGHT TO FREE ASSOCIATION AND ASSEMBLY (FOR-
MATION OF FARMERS' ORGANIZATIONS).
D. SUBSIDIES FOR A BROAD RANGE OF AGRICULTURAL COM-
MODITIES.
E. SUBSTANTIAL CHANGES IN THE INEFFICINET MARKETING
SYSTEM.

4. IN FACT, THE PRINCIPAL REASON FOR THE MASS RALLYING
OF FARMERS SEEMS NOW TO CENTER ON WHAT THEY CONSIDER TO BE
UNFAIR PRICES OFFERED FOR THEIR COMMODITIES. WHILE
FARMERS HAVE SEEN WAGES OF INDUSTRIAL WORKERS SURGE
BY LARGE INCREMENTS IN THE PAST TWO YEARS, FARM
PRICES HAVE INCREASED SUBSTANTIALLY LESS. PRICE
POLICIES HAVE BEEN DETERMINED AS MUCH AS A MEANS TO
SHIFT PRODUCTION FROM ONE COMMODITY TO ANOTHER AS TO
ASSURE AGRICULTURAL PARTICIPATION IN EARLINGS INCREASES.
IT IS ALSO, MORE BROADLY AND PERHAPS MORE IMPORTANTLY, A
PROTEST AGAINST THE LACK OF ATTENTION BY THE SPANISH
GOVERNMENT TO AGRICULTURAL PROBLEMS.

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5. THIS IS NOT THE FIRST TIME THAT FARMERS HAVE SEIZED UPON AN OPPORTUNITY TO MANIFEST GRIEVANCES. IN JANUARY, 1976, GROWERS' DISCONTENT WITH CORN IMPORTS RESULTED IN FARMERS TAKING TRACTORS TO THE HIGHWAYS. THAT MEASURE FORCED THE GOVERNMENT TO TAKE ACTION TO ASSURE THAT DOMESTIC CORN PRODUCTION WAS MARKETED IN CONJUNCTION WITH CONTINUING CORN IMPORTS. MORE RECENTLY, FARMERS WERE UNABLE TO SELL THEIR PRODUCT IN THE EXTREMADURA AREA, NEAR BADAJOZ. THIS WAS RESOLVED ONCE MORE BY THE GOVERNMENT INTERVENING TO BUY CORN DIRECTLY FROM FARMERS AT HIGH PRICES (ABOUT $4.42 PER BUSHEL COMPARED TO ABOUT $2.50 IN THE UNITED STATES).

6. WHAT IMPACT THE PRESENT PROTESTS WILL HAVE ON EITHER THE STRESSED DOMESTIC ECONOMIC PICTURE OR FUTURE GOVERNMENT AGRICULTURAL POLICY IS DIFFICULT TO
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ASSESS. THERE ARE SEVERAL OTHER SENSITIVE AGRI-CULTURAL AREAS OF OBVIOUS CONCERN TO SPANISH POLICY MARKERS.

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R 031818Z MAR 77
FM AMEMBASSY MADRID
TO SECSTATE WASHDC 9208
INFO SECAGRICULTURE WASHDC
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7. FEED GRAIN (PARTICULARLY CORN) IMPORTS WILL NO DOUBT CONTINUE TO BE A BASIS FOR DOMESTIC GRIEVANCES AND AGITATION. ONVER THE PAST FEW YEARS SPAIN HAS BEEN FROCED TO IMPORT LARGE QUANTITIES OF FEED GRAINS TO MEET DOMESTIC REQUIREMENTS FOR THE GROWING LIVESTOCK AND POULTRY SECTORSM. FURTHERMORE, THE IMPORTED PRODUCT CAN BEN LANDED AT SPANISH PORTS AT PRICES CONSIDERABLY LESS THAN THE DOMESTIC SUPPORT PRICES (ABOUT $120 M.T. COMPARED TO $180). FARMERS ARGUE, HOWEVER, THAT THEY COULD MORE FULLY SATISFY LOCAL NEEDS, GIVEN "APPROPRI-ATE" PRICE INCENTIVES. THIS IS DEBATABLE DUE TO LACK OF SUITABLE LAND AND A GENERAL INABILITY TO COMPETE IN CORM WITH THE UNITED STATES, ARGENTINA AND OTHER SOURCES.

8. ALREADY THERE EXISTS A RATHER LARGE SUPPLY OF OLIVE OIL STOCKS IN SPAIN. OVERPRODUCTION IN THE PAST HAS BEEN ENCOURAGED BY INFLUENTIAL GROWERS IN OLIVE AREAS WHO HAVE EXERTED WELL-KNOWN PRESSURES IN OLIVE AREAS WHO HAVE EXERTED WELL-KNOWN PRESSURES ON THE GOVERNMENT TO MAINTAIN HIGH PRICE SUPPORT LEVELS. AS NEW AGRI-
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CULTURAL GROUPS' INTERESTS BEGIN TO EXERT GREATER INFLUENCE ON PRICE SUPPORT POLICY, IT IS POSSIBLE THAT OLIVE OIL PRODUCTION WILL BECOME EVEN LESS ATTRACTIVE. HOWEVER, SINCE A RELATIVELY IMPORTANT SUPPORT INDUSTRY (OLIVE PICKERS) DEPENDS UPON THE INDUSTRY FOR ITS LIVELIHOOD ITS FATE MUST ALSO BE CONSIDERED.

9.AS REGARDS TABLE OLIVES, REPORTEDLY, THE CALIFORNIA INDUSTRY HAS NOW DEVELOPED MACHINES THAT WILL PIT AND STUFF THE FRUIT WITH PIMENTO. THESE EVICES WILL MITIGATE THE ADVANTAGE THAT THE SPANISH INDUSTRY HAS HERETOFORE ENJOYED -- RELATIVELY INEXPENSIVE LABOR. WITH THE GROWTH OF THE CALIFORNIA TABLE (GREEN) OLIVE INDUSTRY, SPAIN IS THREATENED WITH A REDUCTION OF ONE OF ITS MAJOR EXPORT MARKETS.

10. PREVIOUS SUGAR PRICE SUPPORT PRACTICES HAVE ALSO CREATED DIFFICULTIES. SINCE 1974 THE GOVERNMENT HAS REACTED TO PRODUCTION VARIANCES BY INCREASING OR DECREASING SUPPORT PRICES, RESULTING IN BOTH SEVERE SHORTAGES AND SURPLUSES. TO ENCOURAGE PRODUCTION IN 1976, FARMERS WERE OFFERED A HIGHLY FAVORABLE PRICE, CREATING ONCE AGAIN A SURPLUS SITUATION WITH NO REAL MARKET FOR THE EXCESS PRODUCTION. IN ADDITION, DUE TO EARLIER SHORTAGES, THE SPANISH GOVERNMENT MADE CONTRACTS

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FOR LONG TERM PURCHASES OF SUGAR WITH CUBAN EXPORTERS,
AT CONTRACTED PRICES NOW MUCH HIGHER THAN THE WORLD
MARKET. THE GOS HAS JUST NEGH
RAN ADJUSTMENT
DOWNWARD OF THE ORIGINAL PURCHASE PRICES.

11. AS TO THE IMMEDIATE FUTURE, MINISTRY OF AGRI-
CULTURE AND OTHER SOURCES BELIEVE THAT FARMER PROTESTS
MAY SPREAD TO OTHER PARTS OFQP COUNTRY. NONETHELESS
THE GOVERNMENT BELIEVES THAT SUCH PROTESTS WILL NOT
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HAVE A MAJOR IMPACT ON AGRICULTURAL PRODUCTION OR
MARKETING. AS INDICTED ABOVE, SIMILAR PROTESTS HAVE
OCCURRED IN THE PAST WHEN THERE EXISTED AN IMMEDIATE
PROBLEM. ONCE THE PROBLEM WAS RESOLVED, PROTESTS
EVAPORATED AS WELL.

12. THIS PROTEST WILL ALSO END, BUT ITS
UNUSUALLY LARGE SIZE AND THE FACT THAT IT COMES AT A
PRE-ELECTORAL PERIOD RAISES THE QUESTION OF WETHER
THE RURAL SITUATION WILL RETURN TO THE STATUS QUO
ANTE. IT IS CLEAR THAT "ILLEGAL" FARM ORGANIZATIONS
HAVE EXERTED CONSIDERABLE INFLUENCE IN THE PROMOTION
OF THE PROTESTS, ALTHOUGH IT IS FAR FROM CLEAR WHAT
PARTY AFFILIATION MAY EXIST ON THE PART OF THE VARIOUS
GROUPS, SOME OF THEM LITTLE KNOWN, REPORTED TO HAVE
BEEN ACTIVE IN THEM. AS OF MARCH 3, THE "COORDINADORA
DE ORGANIZACIONES DE AGRICULTURES Y GANADEROS" HAD
ASSUMED SOME PROMINENCE, BUT IT DISCLAIMED ASSOCIATION
WITH ANY POLITICAL PARTY. A UGT (SOCIALIST) REPRE-
SENTATIVE WAS ARRESTED BRIEFLY WHEN TRACTORS WERE BEING
CLEARED FROM THE HIGHWAYS BY PUBLIC ORDER FORCES MARCH 1,
AND NOT SURPRISINGLY WE HAVE HEARD ONE UNCONFIRMED
ALLEGATION OF PCE ACTIVITY AND "PROFESSIONAL AGITATORS".
ACCORDING TO THE AFTERNOON MADRID DAILY "INFORMACIONES",
PCE BACKED "COMISIONES CAMPESINAS" ARE ACTIVE IN ADNALUSIA,
CASTILE AND GALICIA.

13. IT IS ONLY LOGICAL, IN FACT, THAT POLITICAL PARTIES
ACROSS THE SPECTRUM WILL SEEK ADVANTAGE FROM THE UPSURGE
OF FARMER DISCONTENT, WITH THE BALANCE OF OPPORTUNITY
APPEARING TO FAVOR THE LEFT MORE THAN THE RIGHT. ONE
KNOWLEDGEABLE OBSERVER HAS ALREADY SPOKEN TO US OF THE
LIKELY DAMAGE DONE TO THE CONSERVATIVE ALIANZA POPULAR,
WHICH HAD BEEN WIDELY EXPECTED TO SCORE HEAVILY IN THE
TRADITIONALLY CONSERVATIVE RURAL AREAS. THE CONSERVATIVE
TRADITION, ON THE OTHER HAND, COULD PROVE PROBLEMATICAL
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TO RADICAL PROSELYTIZERS.

14. NOT ENCOURAGING IS THE ATTITUDE TAKEN SO FAR BY AGRICULTURAL MINISTER ABRIL, WHO SHOWED LITTLE POLITICAL SENSITIVITY IN MAKING THE MAIN TOW POINTS OF HIS MARCH 1 PRESS CONFERENCE THAT (1) THE FARMERS' MESSAGE HAD BEEN RECEIVED SO THEY SHOULD NOW RETURN TO THEIR HOMES, AND (2) THEIR PROBLEMS ARE UNLIKELY TO BE RESOLVED FOR A LONG TIME.

15. HIS SECOND POINT IS TRUE ENOUGH, ESPECIALLY BECAUSE TO THE AGRICULTURAL SECTOR'S DEEPLY-ROOTED STRUCTURAL PROBLEMS HAVE BEEN ADDED GENERAL EUROPEAN ECONOMIC ONES WHICH HAVE HAD THE EFFECT OF CLOSING OFF THE ESCAPTE VALVE OF MIGRATION TO THE CITIES OR TO NORTHERN EUROPE. SOME GREATER DISPLAY OF GOVERNMENT RESPONSIVENESS, HOWEVER, SEEMS MORE CALLED FOR THAN ABRIL'S REHERSAL OF TRUTHS ONLY TOO WELL-KNOWN TO THE FARMERS THEMSELVES. SOME OF THE PROTESTERS ARE SEEKING A MEETING WITH PRIME MINISTER SUAREZ, WHILE A GROUP IN LOGRONO ASKED RESPECTED POLITICAL COLUMNIST LUIS APOSTUA TO MEDIATE THE CONFLICT. IN ANY CASE, AS TH RIGHTS OF ASSEMLY AND ASSOCIATION BECOME MORE FIRMLY ESTABLISHED, THE FARMER'S VOICE SEEMS LIKELY TO BE ABLE TO COMMAND AN INCREASINGLY SYMPATHETIC HEARING (SEE AGRICULTURAL ATTACHE'S REPORT SP6069, NOVEMBER 17,1976). THE AGRICULTURAL ATTACHE MARCH 7 AND SHOULD LEARN MORE THE.EATON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Litigation Code IDs:
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Office: ACTION EUR
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
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Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3220891
Secure: OPEN
Status: NATIVE
Subject: AGRARIAN UNREST SUMMARY: UNREST IN THE AGRARIAN SECTOR HAS DRAWN PROMINENT ATTENTION RECENTLY AS THE PROTEST STATIO
TAGS: EAGR, PINT, SP
To: STATE
Type: TE
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Review Markings:
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